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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

{X} QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

IQ2-226

For the quarterly period ended March 31, 1992
OR
{ } TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___ to ___

Commission file number 0-15846

HealthCare COMPARE Corp.
(Exact name of registrant as specified in its charter)

Delaware	36-3307583
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

3200 Highland Avenue, Downers Grove, Illinois 60515
(Address of principal executive offices, Zip Code)

PROCESSED BY
14-13-V
MAY 19 1992

(708)241-7900
(Registrant's phone number, including area code)

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

(Former name, former address and former fisca if changed since last report)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No_____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the last practicable date.

The number of shares of Common Stock, par value $.01 per share, outstanding on May 6, 1992 was 33,394,217.

HealthCare COMPARE Corp. and Subsidiaries

INDEX

	Page Number
Part I. Financial Information	
Item 1. Financial Statements	
Consolidated Balance Sheets - Assets at March 31, 1992 and December 31, 1991	3
Consolidated Balance Sheets - Liabilities and Stockholders' Equity at March 31, 1992 and December 31, 1991	4
Consolidated Statements of Operations for the three months ended March 31, 1992 and 1991	5
Consolidated Statements of Cash Flows for the three months ended March 31, 1992 and 1991	6-7
Notes to Consolidated Financial Statements	8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	9-11
Part II. Other Information	
Item 6. Exhibits and Reports on Form 8-K	12
Signatures	13
Exhibit 11	14

PART 1. Financial Information
HealthCare COMPARE Corp. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

ASSETS	March 31, 1992 (Unaudited)	December 31, 1991
Current Assets:		
Cash and cash equivalents	$ 37,673,000	$ 39,514,000
Accounts receivable, net of allowance for doubtful accounts of $2,650,000 and $2,590,000 respectively	22,043,000	19,617,000
Income taxes refundable	4,934,000	1,370,000
Prepaid expenses and supplies	1,218,000	1,480,000
Total current assets	65,868,000	61,981,000
Property and Equipment:		
Buildings and improvements	27,788,000	26,618,000
Computer equipment and software	14,983,000	14,320,000
Office furniture and equipment	11,572,000	10,567,000
Equipment under capital lease	1,560,000	1,560,000
Leasehold improvements	795,000	764,000
	56,698,000	53,829,000
Less accumulated depreciation and amortization	(13,497,000)	(12,111,000)
Total property and equipment	43,201,000	41,718,000
Deferred income taxes	2,256,000	701,000
Other assets	281,000	397,000
	$111,606,000	$104,797,000

HealthCare COMPARE Corp. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY	March 31, 1992 (Unaudited)	December 31, 1991
Current Liabilities:		
Current portion of long-term obligations	$ 374,000	$ 6,079,000
Accounts payable	3,522,000	3,248,000
Accrued expenses	16,384,000	5,871,000
Income taxes payable	----	381,000
Total current liabilities	20,280,000	15,579,000
Long-term obligations, net of current portion	195,000	329,000
Deferred expenses	175,000	297,000
Total liabilities	20,650,000	16,205,000
Stockholders' Equity:		
Common stock	338,000	333,000
Additional paid-in capital	61,843,000	54,460,000
Receivable for common stock issued	----	(353,000)
Retained earnings	30,900,000	36,277,000
Treasury stock, at cost	(2,125,000)	(2,125,000)
Total stockholders' equity	90,956,000	88,592,000
	$111,606,000	$104,797,000

HealthCare COMPARE Corp. and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months ended March 31,	
	1992	1991
Revenues	$ 31,393,000	$ 22,026,000
Operating expenses:		
Cost of services	13,238,000	11,154,000
Selling and marketing	4,921,000	3,255,000
General and administrative	2,276,000	2,058,000
Depreciation and amortization	1,408,000	929,000
Interest income, net	(523,000)	(788,000)
Merger related restructuring expenses	16,000,000	---
	37,320,000	16,608,000
Income (loss) before income taxes	(5,927,000)	5,418,000
Income tax benefit (expense)	550,000	(1,984,000)
Net income (loss)	$ (5,377,000)	$ 3,434,000
Weighted average common and common share equivalents	35,400,000	34,361,000
Net income (loss) per common share	$ (.15)	$ .10

HealthCare COMPARE Corp. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Cash flows from operating activities:		
Cash received from customers	$28,835,000	$19,359,000
Cash paid to suppliers and employees	(25,214,000)	(14,437,000)
Interest received, net	595,000	810,000
Income taxes paid	(43,000)	(589,000)
Net cash provided by operating activities	4,173,000	5,143,000
Cash flows from investing activities:		
Purchase of property and equipment	(2,869,000)	(2,141,000)
Net cash used in investing activities	(2,869,000)	(2,141,000)
Cash flows from financing activities:		
Receivable from common stock collections	353,000	---
Principal payment on debt	(5,839,000)	(87,000)
Proceeds from issuance of stock	2,341,000	1,539,000
Net cash provided by (used in) financing activities	(3,145,000)	1,452,000
Net increase (decrease) in cash and cash equivalents	(1,841,000)	4,454,000
Cash and cash equivalents, beginning of period	39,514,000	42,291,000
Cash and cash equivalents, end of period	$37,673,000	$46,745,000
Non-cash investing and finance activities:		
Construction financing	---	694,000
Common stock issued for receivables	---	353,000
Property and equipment acquired for debt	---	4,000

HealthCare COMPARE Corp. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Reconciliation of net income to net cash provided by operating activities:		
Net income (loss)	$(5,377,000)	$ 3,434,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Provisions for uncollectible accounts receivable	60,000	543,000
Depreciation and amortization	1,408,000	929,000
Deferred expenses	(122,000)	(42,000)
Deferred income taxes	(1,555,000)	---
Tax benefit from stock options	5,047,000	584,000
Other property adjustments	(22,000)	(52,000)
Changes in assets and liabilities:		
Increase in income taxes refundable	(3,564,000)	---
Increase in accounts receivable	(2,486,000)	(2,645,000)
Decrease (increase) in prepaid expenses and supplies	262,000	(102,000)
Increase in accounts payable	274,000	96,000
Increase in accrued expenses	10,513,000	1,514,000
Increase (decrease) in income taxes payable	(381,000)	811,000
Decrease in other assets	116,000	73,000
Total adjustments	9,550,000	1,709,000
Net cash provided by operating activities	$ 4,173,000	$ 5,143,000

HealthCare COMPARE Corp. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The unaudited financial statements herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. The accompanying interim financial statements have been prepared under the presumption that users of the interim financial information have either read or have access to the audited financial statements for the latest fiscal year ended December 31, 1991. Accordingly, footnote disclosures which would substantially duplicate the disclosures contained in the December 31, 1991 audited financial statements have been omitted from these interim financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. Although the Company believes that the disclosures are adequate to make the information presented not misleading it is suggested that these interim financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest Annual Report on Form 10-K.

2. As previously disclosed in the Company's Annual Report on Form 10-K for fiscal 1991, a wholly owned subsidiary of the Company merged with Occupational - Urgent Care Health Systems, Inc. ("OUCH") in February 1992. The merger was accounted for as a pooling of interests, and accordingly, the consolidated financial statements for the quarter ended March 31, 1991 have been restated to include the accounts of OUCH. A reconciliation of revenues and net income through March 31, 1991 for the separate entities and for the Company and OUCH combined is as follows:

	Three Months Ended March 31, 1991
Revenue:	
Company	$15,538,000
OUCH	6,488,000
Combined	$22,026,000
Net income:	
Company	$ 2,368,000
OUCH	1,066,000
Combined	$ 3,434,000
Earnings per share:	
Company	$ .09
OUCH	.11
Combined	$ .10

HealthCare COMPARE Corp. and Subsidiaries

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

On February 24, 1992, a wholly owned subsidiary of the Company merged with Occupational-Urgent Care Health Systems, Inc. ("OUCH"). The transaction was accounted for as a pooling-of-interests. Therefore, prior periods have been restated to reflect this accounting method. The following discussion and analysis compares the combined results of the Company and OUCH for the three months ended March 31, 1992 and 1991.

In connection with the merger, the Company recorded a one-time charge of $16,000,000 for costs and expenses incurred by the Company and OUCH. This charge includes approximately $5,000,000 for the elimination of duplicate facilities; approximately $4,500,000 of professional and other fees related to the merger; $3,700,000 of severance costs related to the layoff of redundant employees; and $2,800,000 related to the write-off of excess property and equipment.

As a result of this charge the Company's net income was reduced by $11,500,000 or $.32 per share. Certain of these costs and expenses were not deductible for income tax purposes.

Excluding the impact of this one-time charge, net income was $6,123,000 or $.17 per share for the three months ended March 31, 1992 as compared to $3,434,000 or $.10 per share for the same quarter last year.

Revenues for the three months ended March 31, 1992 increased $9,367,000 (43%) from the same period of 1991. The Company's revenues consist of fees for cost management services provided under contracts which typically require clients to pay based upon a percentage of savings or on a predetermined contractual basis (fee-based revenue). The Company also derives revenues on a fixed monthly fee for each participant, excluding covered dependents (capitated revenue), in a client-sponsored health care plan. The fee varies based upon the programs selected.

The following tables set forth information with respect to the types and sources of the Company's revenues for the three months ended March 31, 1992 and 1991:

Types of Revenue
(000's Omitted)

	Three Months Ended March 31,			
	1992	%	1991	%
Fee-based Revenue	$24,915	79	$15,383	70
Capitated Revenue	6,478	21	6,643	30
Total	$31,393	100%	$22,026	100%

Sources of Revenue
(000's Omitted)

	Three Months Ended March 31, 1992	%	1991	%
PPO and Fee Schedule Services	$23,708	76	$12,705	58
Utilization Management Services	6,470	20	7,284	33
Government Contract Services	1,215	4	2,037	9
Total	$31,393	100%	$22,026	100%

The revenue growth is primarily attributable to the development and expansion of Company's PPO and fee schedule services. To a lesser extent, such growth is a result of the unbundling of existing programs, and, in management's opinion, a continued and growing recognition of utilization review, PPOs fee schedule review and other cost management services as effective methods for controlling health care costs.

Cost of services increased $2,084,000 (19%) for the three months ended March 31, 1992 from the comparable period of 1991. Cost of services consists primarily of salaries for personnel involved in utilization review programs, fee schedule review and PPO administration, development and expansion, telephone expenses, facility expenses and information processing costs. The largest component of the increase in these costs during the three months ended March 31, 1992 relates to increased operating expenses associated with the expansion and development of PPO networks in various locations. The Company currently has hospital networks in place in 41 states, compared to 35 at December 31, 1991 and has 33 outpatient networks in place compared to 28 at December 31, 1991. In addition to the increased cost of services related to the expansion of its PPO networks, the Company has incurred significant expenditures for the expansion of various PPO support functions, including data processing, provider relations and claims administration.

Selling and marketing costs increased $1,666,000(51%) for the three months ended March 31, 1992 from the comparable period of 1991, primarily as a result of the hiring and training of new sales and marketing staff members. In addition, the Company incurred significant advertising and promotional expenses in connection with the development and expansion of its PPO services. General and administrative costs increased $218,000 (11%) for the three months ended March 31, 1992 from the comparable period of 1991, primarily due to the addition of staff members in the executive, accounting and administrative areas.

Depreciation and amortization expenses increased $479,000 (52%) for the three months ended March 31, 1992 from the comparable period of 1991, principally as a result of the purchase of the Company's corporate headquarters, the construction and development of OUCH's new headquarters, additional computer hardware and software, office equipment and leasehold improvements in connection with the growth of the Company's PPO business.

Interest income, net for the three months ended March 31, 1992, decreased $265,000 (34%) from the comparable period in 1991 due to the decrease in interest rates.

Primarily as a result of the growth in revenues from the Company's PPO and fee schedule review services at a more rapid pace than related expenses, and the trends and factors discussed above, total operating expenses as a percentage of revenue for the three months ended March 31, 1992 decreased to 68% (excluding merger related restructuring expenses) from 75% compared to the comparable period of 1991.

LIQUIDITY AND CAPITAL RESOURCES

The Company had $45,588,000 in working capital at March 31, 1992 compared with $46,402,000 of working capital at December 31, 1991. Cash and cash equivalents decreased to $37,673,000 at March 31, 1992 from $39,514,000 at December 31, 1991, primarily as the result of debt payments.

The Company believes that cash generated from future operations, together with the unexpended proceeds of its public stock offerings in 1987 and 1988, a 1989 arbitration award, and the Company unused $5,000,000 bank line of credit will be sufficient to fund the Company's operations and its anticipated expansion for at least the next 12 to 24 months.

PART II

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibit 11 - Computation of Earnings Per Common Share

(b) The Company filed a Current Report on Form 8-K dated March 3, 1992 pursuant to which it reported under Item 2 that a wholly owned subsidiary of the Company completed a merger with Occupational Urgent Care Health Systems, Inc. (OUCH). The financial statements of OUCH, certain proforma financial information and various exhibits related to the merger were filed as exhibits to such Form 8-K in accordance with the requirements of Item 7 of Form 8-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HealthCare COMPARE Corp.

Dated: May 11, 1992

James C. Smith
President and Chief Executive Officer

Dated: May 11, 1992

Joseph E. Whitters
Chief Financial Officer
(Principal Financial and Accounting Officer)

Health Care COMPARE Corp. and Subsidiaries **EXHIBIT 11**
COMPUTATION OF EARNINGS PER COMMON SHARE
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Net income (loss)	$(5,377,000)	$ 3,434,000
Weighted average number of common shares outstanding:		
Shares outstanding from beginning of period.	24,039,000	23,406,000
Issuance of common stock for 100% of the outstanding common stock of OUCH effective February 24, 1992 retroactive to the beginning of the period	9,285,000	8,736.000
Other issuance of common stock.	454,000	452,000
Common stock equivalents:		
Additional equivalent shares issuable from assumed exercise of common stock options.	1,622,000	1,767,000
Weighted average common and common share equivalents	35,400,000	34,361,000
Net income (loss) per common share	$ (.15)	$ .10